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C O N F I D E N T I A L SECTION 01 OF 02 UNVIE VIENNA 000417

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TAGS: [ENRG](#) [IAEA](#) [KNNP](#) [MNUC](#) [PARM](#) [TRGY](#) [ETTC](#) [IN](#)
SUBJECT: IAEA SHARES COST ESTIMATE FOR INDIA SAFEGUARDS
IMPLEMENTATION

Classified By: CLASSIFIED BY CHARGE D'AFFAIRES GEOFFREY R. PYATT,
FOR REASONS 1.4 (b) AND (d)

11. (C) Summary: The IAEA Secretariat has shared with us on a confidential basis their estimates for the near term costs of implementing safeguards in India as part of the US-India nuclear deal, which could total Euro 19 million by 2016. Speaking with DCM on July 23, Deputy Director General Heinonen emphasized that he was committed to keeping this figure out of the August 1 debate over the India agreement, and was sharing the cost estimates with only a handful of IAEA officials for now. Nonetheless, he said, Director General El Baradei wanted to be sure the US was aware of the IAEA's implementation estimate. Previewing the IAEA's July 25 technical briefing, Heinonen said the Secretariat would stick to the point that India's agreement meets all the safeguards standards. Aside from Pakistan, he does not expect opposition within the board. End Summary.

12. (C) DDG Heinonen asked to see DCM July 23 in order to talk through IAEA plans for implementing expanded safeguards in India. Heinonen explained that the IAEA has prepared a cost estimate based on India's previously published separation plan, but pushing the date of full implementation back to 2016 (vice 2014, which is the Indian government continues to use). The safeguards department has estimated a cost of Euro 6.5 million for additional equipment (mainly core discharge monitors and surveillance) required at the 8 PHWR's that India will declare under its separation plan. The balance of Euro 12.5 million would pay for inspections and implementation related travel. Beyond 2016, the IAEA estimates an additional cost of Euro 2.4 million per year (at 2007 prices) for ongoing safeguards monitoring in India.

13. (C) A major uncertainty that could affect the final cost, Heinonen noted, is the disposition of India's existing spent fuel inventories. Because the Department of Atomic Energy has been unwilling to engage on the technical substance of safeguards implementation, the IAEA does not know whether India intends to declare its spent fuel inventories at the civilian sites, or will move that material elsewhere. Also, since the IAEA only has access for now to the old RAPS sites, the inspectors are uncertain how design changes in India's PHWRs might affect the cost of cabling and conduit (since some of these cables reach into the reactors' core area, access ducts must be constructed carefully, adding to the cost).

14. (C) Heinonen underlined that he did not want these cost issues to spill over into the August 1 board decision on the India safeguards agreement, and as a result the information was being tightly held within the IAEA Secretariat. For now, the Secretariat will stick to the figure of Euro 1.2 million

cited as the first year cost for one new reactor. If the separation plan that India eventually notifies to the IAEA ends earlier, that will reduce the full implementation cost, but only marginally.

15. (C) Heinonen was confident that the IAEA would be prepared to take on a significantly expanded safeguards responsibility in India even if implementation begins as early as 2009. Since much of the IAEA's monitoring equipment is custom made and comes from a small group of vendors, hardware will be an issue. To move forward quickly Heinonen proposed to employ monitoring equipment originally procured for the Buser reactor in Iran, which is now running behind schedule. This inventory would then be replaced as the expanded IAEA budget for India comes on line. In response to a question about the potential utility of the US safeguards support program, Heinonen emphasized that Director General El Baradei was committed to paying for India safeguards from the regular IAEA budget, since this is a core IAEA activity that should be funded the same way as other safeguards programs. He noted in this context that the IAEA budget to be approved at the September General Conference contains a specific line item for India activities.

16. (C) Previewing the IAEA's July 25 technical briefing, Heinonen said the Secretariat would stick to the point that India's agreement meets all the safeguards standards. The briefers will explain the status of the India preamble, walk through a comparison of the operational provisions vis-a-vis other agreements, and address any legal questions. Aside from Pakistan, he does not expect opposition within the Board of Governors.

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17. (C) Comment: With both US Presidential candidates calling for substantial increases in the IAEA budget, Heinonen and others around the Secretariat are thinking expansively about their future operations. Since Heinonen provided this India estimate at the request of DG El Baradei, we suspect it was intended also to influence our approach to the simultaneous debate in Vienna over future funding for the IAEA's Technical Cooperation activities. End comment.
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